



No. 30

July 10, 2003

S. 1357 S Military Construction Appropriation Bill, FY 2004

Calendar No. 176

Reported from the Committee on Appropriations June 26, 2003, by a vote of 29-0; S. Rept. 108-82.

NOTEWORTHY

- The Senate bill, S. 1357, recommends appropriations totaling \$9.196 billion for FY 2004 military construction, family housing, and base closure. This amount is \$78.7 million over the FY 2004 budget request, and \$1.502 billion below the FY 2003 appropriations.
- The House passed its Military Construction funding bill, H.R. 2559, on June 26, by a vote of 428-0, also providing \$9.196 billion.
- **Barracks Construction.** The Committee recommends \$1.068 billion for barracks construction projects for FY 2004, a decrease of \$143.7 million from the budget request. The Committee also directs DoD to provide a report to the Congress by March 1, 2004 detailing actions taken in response to the recommendations of the GAO to reduce costs in the unaccompanied housing program.
- **Base Realignment and Closure.** The Committee includes \$370.4 million for the Base Realignment and Closure (BRAC) account, an amount equal to the budget request.
- **Child Development Centers.** The Committee recommends \$16.1 million for a total of three child development centers; the Administration requested \$3.6 million for one project.
- **Overseas Military Construction.** The Committee declines to fund much of the requested new construction in Europe and Korea installations, but does not rule out the possibility of considering pressing needs in a supplemental bill. The committee urges DoD to promptly submit a report on its overseas basing master plan, which was due April 1, 2002, and suggests that the FY 2005 military construction bill serve as the vehicle for new initiatives.

HIGHLIGHTS

- **Overseas basing commission.** The Committee recommends creation of a commission (Commission on the Review of the Overseas Military Facility Structure of the United States) to conduct a thorough study of matters related to U.S. military facility structure overseas. It would consist of eight members appointed by the Congressional leadership, and would be authorized to hold hearings and receive information from federal agencies in order to assess whether the current U.S. basing structure overseas is adequate, and to assess the feasibility of closures, realignments or establishment of new installations. The Commission would report to Congress and the President by August 30, 2004.
- **Comprehensive Master Plan for Overseas Military Facilities Infrastructure.** The Committee is concerned that the military construction budget could be funding projects at bases overseas which will soon be obsolete. As a result, DoD is directed to prepare comprehensive master plans for the changing infrastructure requirements for U.S. military facilities within each of its overseas regional commands, to include identifying precise facility requirements, the status of properties being returned to host nations, and the division of funding responsibilities between the United States and cognizant host nations. It directs DoD to annually report to Congress on the status of those plans and their implementation at the time of the submission of each Military construction budget, starting with next year's. Additionally, the Committee directs the General Accounting Office to annually report to Congress on the master plan.
- **Impact of Military Housing Privatization on Local School Districts.** The Committee has supported DoD's program to privatize military family housing but is concerned about the impact of privatization on local school districts. Privatization could result in significant reductions in impact aid – from about \$2,000 per student to about \$200, and could also impact school populations. The Committee directs the Defense Secretary to report back by March 15, 2004 on the impact of privatization of military family housing on local school districts and options for addressing local school requirements resulting from the privatization. The report shall include an assessment of whether establishing military charter schools on DoD installations could help to alleviate the impact of housing privatization. The Comptroller General shall report on his evaluation of the Secretary's report within 60 days of its issuance and make recommendations.
- **Perchlorate.** While no federal or state standards exist for perchlorate, the Committee expresses concern about this chemical's potential impact at installations that have been closed through BRAC (Base Realignment and Closure), as well as at active and inactive defense sites. Perchlorate is used in solid rocket propellant, and has been identified by the EPA as an unregulated toxin. The EPA concluded last year in a draft assessment that perchlorate could pose a risk to human health and its assessment was referred to the National Academy of Sciences

for review. In preparation for the establishment of a national drinking water standard for perchlorate, the Committee directs DoD to 1) submit a report by December 31, 2003 on the activities of the Interagency Perchlorate Steering Committee of DoD (established in January 1998), and 2) to identify sources of perchlorate on BRAC properties and develop a remediation plan, submitting a report to Congress no later than March 30, 2004.

BACKGROUND

The military construction appropriation bill provides funding for the planning, design, construction, alteration and improvement of military facilities worldwide, both for the active and reserve forces. It finances construction, alterations, improvement, operation and maintenance of military family housing, including payments against past housing mortgage indebtedness. This bill also serves as the source for the U.S. share of the NATO Security Investment Program, and provides funding to implement base closure and realignments authorized by law.

The House of Representatives passed its version of the Military Construction Appropriation Bill for FY 2004, H.R. 2559, on June 26, by a vote of 428-0. Like the Senate bill, H.R. 2559 provides \$9.196 billion for military construction activities for FY 2004.

BILL PROVISIONS

Military Construction

The bill provides a total of \$4.655 billion for **military construction** for the active and reserve component accounts, with \$3.964 billion for **active components**, \$92 million above the budget request, and \$1.107 billion below the 2003 level. The break-down, by component, is as follows:

Active Components

Army	\$1.071 billion (\$464.5 million less than the budget request; 2003 Appropriations: \$1.636 billion)
Navy & Marine Corps	\$1.156 billion (\$23.5 million more than the budget request; 2003 Appropriations: \$1.352 billion)

Air Force \$1.056 billion (\$225.7 million more than the budget request; 2003 Appropriations: \$1.201 billion)

Defense-Wide \$ 679.887 million (\$39.914 million less than the budget request; 2003 Appropriations: \$866.669 million)

- For the **Medical Construction Program**, the Committee recommends \$170.3 million to fully fund the budget request and provide additional planning and design funding for medical construction projects. This is an increase of \$8.6 million from the FY 2004 budget request.
- The Committee provides \$9 million for the Secretary of Defense “**Contingency Construction**” account in accordance with the budget request. This account provides funds which may be used by the Defense Secretary for unforeseen facility requirements.
- The Committee recommends the full budget request of \$69.5 million for the **Energy Conservation Investment Program (ECIP)**. DoD accounts for three-fourths of federal energy consumption. DoD estimates that ECIP projects produce average savings of four dollars for every dollar invested. The Committee asks for an assessment to the congressional defense committees by July 31, 2004 of the regional potential of renewable energy generation, transmission and distribution by industry on or near DoD installations in the United States.

Reserve Components

- **Military construction for the reserves** is funded at \$691.2 million, which is \$15.2 million below the FY 2003 level, but \$321.7 million above the budget request. The committee funds each component as follows:

Army National Guard \$ 304 million (\$135.7 million above)

Air National Guard \$ 221 million (\$160.5 million above)

Army Reserve \$ 73.9 million (\$5.5 million above)

Naval Reserve \$ 34.7 million (\$6.7 million above)

Air Force Reserve \$ 57.4 million (\$13.1 million above)

North Atlantic Treaty Organization (NATO) Security Investment Program

- The Committee recommends the NATO Security Investment Program be fully funded at the requested level of \$169.3 million. Appropriations for 2003 were \$167.2 million.

Missile Defense Studies

- The Committee notes that approximately \$44 million in funds appropriated for the NATO Security Investment Program in past years was expended on studies examining the feasibility of theater ballistic missile defense (TBMD) for NATO. The Committee supports development and fielding of missile defense systems, but believes such studies are inappropriate for an account meant to provide critically needed infrastructure to the Alliance, and therefore prohibits NATO Security Investment Program funds from being obligated or expended for missile defense studies.

Base Realignment and Closure (BRAC)

- The Committee recommends funding BRAC at the amount requested by the President: \$370.4 million, which is \$190.7 million less than the FY 2003 appropriations. The Committee urges the Department to expedite environmental cleanup of existing BRAC property, especially since the new round of BRAC is scheduled for FY 2005. To provide an incentive for the military services to pursue public sales of BRAC property when warranted, the Committee directs DoD to apply BRAC land sale revenue to the military department that earned the revenue. That would be used to accelerate environmental cleanup of DoD's remaining BRAC sites, with the intent that land sales be used to supplement, not offset, funds appropriated by Congress to the BRAC account.

Family Housing

- The Committee provides \$3.946 billion for family housing, construction, operations and maintenance, and the Department's family housing improvement fund. This amount is \$261.9 million below the 2003 appropriated amount, but equal to the President's FY 2004 request, less prior-year rescissions.

Family Housing, Army

- Family Housing Army is funded at \$1.399 billion, equal to the request. (2003 Appropriations: \$1.381 billion).
- From the total recommended for the Family Housing/Army account, the Committee recommends \$220.6 million for new construction, and \$156 million for construction improvements.

Family Housing, Navy and Marine Corps

- Family Housing for the Navy and Marine Corps is funded at \$1.033 billion , equal to the President's FY 2004 budget request, less prior-year rescissions. (2003 Appropriations: \$1.235 million).
- From the total recommended for the Family Housing/Navy and Marine Corps, the Committee recommends \$155 million for new construction.

Family Housing, Air Force

- The Committee recommends \$1.462 billion for family housing for the Air Force, equal to the budget request, less prior-year rescissions. Appropriations for 2003 were \$1.54 billion. For new construction in this account, the Committee recommends \$399.6 million, and for construction improvements, the Committee recommends \$223.9 million.

Family Housing, Defense-Wide

- The Committee recommends \$50.1 million for family housing, defense-wide in FY 2004, equal to the budget request.

Family Housing Improvement Fund

- The Committee recommends \$300,000 for the Family Housing Improvement Fund, equal to the budget request.

ADMINISTRATION POSITION

The Statement of Administration Policy was unavailable at press time.

POSSIBLE AMENDMENTS

There were no known amendments at press time.

Staff contact: Nathaniel Fogg, 224-2946